

Message Text

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PAGE 01 ISTANB 00676 031358Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 XMB-02 COME-00 CIAE-00 INR-07

NSAE-00 PA-01 PRS-01 USIA-06 TRSE-00 FRB-03 AGR-05

SAM-01 SS-15 SP-02 NSC-05 CIEP-01 OMB-01 /070 W

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P 031300Z MAR 75

FM AMCONSUL ISTANBUL

TO AMEMBASSY ANKARA PRIORITY

INFO SECSTATE WASHDC 5877

AMCONSUL ADANA

AMCONSUL IZMIR

LIMITED OFFICIAL USE ISTANBUL 0676

EO:11652 NA

TAGS: BEXP, TU

SUBJ: EXIMBANK TEXTILE EQUIPMENT CREDIT TO SIDAS (SIVAS IPLIK
VE DOKUMA SANAYII)

REF: (A) STATE 23272; (B) STATE 4194; (C) ANKARA 6478;
(D) ANKARA 2171

1. TURKISH REP FOR SACCO LOWELL AND LEESONA WHO SUPPLYING
EQUIPMENT TO FINANCE \$5 MILLION SALE OF US GOODS FOR SIDAS, A
NEW COTTON SPINNING PLANT IN TURKEY, HAS INFORMED US THAT HE
UNDERSTANDS TURKISH MINISTRY FINANCE HAS WITHDRAWN ITS APPROVAL
OF THIS TRANSACTION. HE NOTED THAT THIS HIGHLY UNFORTUNATE DEVELOP-
MENT AS HE HAS BEEN WORKING FOR ONE YEAR TO OBTAIN EXIM SUPPORT
FOR PROJECT WHICH FINALLY APPROVED JAN. 6 (SEE REFTELS). HE ALSO SAID
THAT SACCO LOWELL AND LEESONA HAD ALREADY MANUFACTURED EQUIP-
MENT AND IT NOW AWAITING SHIPMENT. NOTING THAT EMB. ANKARA
AND CONGEN HAD EARLIER PROVIDED HELPFUL ASSISTANCE CONCERNING
PROJECT, HE ASKED WHETHERCOMMAT COULD DISCUSS CURRENT SITUATION
WITH MINFIN IN EFFORT TO REVERSE UNFAVORABLE DECISION.

2. LOCAL REP ATTRIBUTED MINFIN REVERSAL TO WHAT HE DESCRIBED
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PAGE 02 ISTANB 00676 031358Z

AS A VERY DEPRESSED MARKET FOR TEXTILE GOODS IN GENERAL, AND FOR

SPINNING OF COTTON YARN IN PARTICULAR. HE ALSO SAID THAT NEW EXIM CONDITIONS WHICH LEFT SUBSTANTIAL PORTION OF LOAN UNCOVERED BY EXIM GUARANTEE HAD RESULTED IN UNACCEPTABLE TERMS BEING LEVIED BY US COMMERCIAL BANK. FOR EXAMPLE, HE NOTED US BANK IS REQUIRING THAT UNGUARANTEED PORTION OF CREDIT BE REPAYED FIRST AND THAT NO PROFITS BE DISTRIBUTED TO SHAREHOLDERS OF COMPANY UNTIL UNGUARANTEED PORTION PAID OFF. A THIRD FACTOR HE FELT WAS RECENT US MILITARY ASSISTANCE CUT-OFF, WHICH CREATED UNFAVORABLE ATMOSPHERE FOR TRANSACTIONS BETWEEN THE TWO GOVERNMENTS.

3. COMMENT: ALTHOUGH LOCAP REP WAS UNABLE TO CITE ANY DIRECT EVIDENCE TO SUPPORT HIS CONTENTION THAT AN UNFAVORABLE CLIMATE EXISTS WITHIN MINFIN FOR OFFICIAL TRANSACTIONS, WE HAD EARLIER BEEN TOLD BY ANOTHER SOURCE WITH CURRENT PROJECT PENDING THAT HE SHOULD NOT EXPECT ANY "FAST ACTION" ON PROJECTS PENDING FOR EXIM FINANCING. MACE

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